



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

INFORMATIONAL LETTER NO.1121

DATE: May 3, 2012

TO: Iowa Medicaid Psychiatric Medical Institutions for Children (PMIC)

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: PMIC Maximum Reimbursement Rate and Restoration of the 5 Percent Reduction

Pursuant to the Iowa Administrative Code 441 subchapter 79.1(2), reimbursement for services provided by non-state-owned PMIC providers is limited to 103 percent of the patient-day-weighted-average costs. Executive Order 19 required that the rate maximum be reduced to 95 percent effective December 1, 2009. This maximum is updated each year once all prior year cost reports have been reviewed and finalized by the IME Provider Cost Audit and Rate Setting Unit (PCA).

Applicable cost reports have recently been finalized allowing for the calculation of the rate maximum. The new rate maximum less 5 percent, effective **July 1, 2011**, is **\$190.84**.

Additionally, House File (HF) 649 authorized restoration of the 5 percent reduction effective August 1, 2011. Services provided on or after August 1, 2011, will be reimbursed at the lesser of actual cost or 100 percent of the rate maximum. The new rate maximum effective **August 1, 2011**, is **\$200.89**.

PMIC reimbursement rates effective July 1, 2011, will be updated to the lesser of actual cost per the most recent finalized cost report or 95 percent of the rate maximum in effect as of July 1, 2011.

PMIC reimbursement rates effective August 1, 2011, will be updated to the lesser of actual cost per the most recent finalized cost report or 100 percent of the rate maximum in effect as of July 1, 2011.

All claims paid at the old reimbursement rates will be adjusted at that time to update interim payment for services. Final payment is contingent upon desk review of actual cost after the close of the fiscal year.

If you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at 1-866-863-8610, locally in Des Moines at 515-256-4610, or by email at costaudit@dhs.state.ia.us.